



County of Los Angeles CHIEF EXECUTIVE OFFICE

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WILLIAM T FUJIOKA
Chief Executive Officer

July 16, 2008

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Second District

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Third District

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Fourth District

MICHAEL D. ANTONOVICH
Fifth District

To: Supervisor Yvonne B. Burke, Chair
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

QUARTERLY REPORT ON COMMUNITY REDEVELOPMENT AGENCY (CRA) ACTIVITY (SECOND QUARTER 2008)

In response to the increased level of CRA activity in the County and this Office's augmented role in analyzing and scrutinizing these activities, we provided your Board with an initial "Quarterly Report on CRA Issues" on October 12, 2000. Attached is the latest Quarterly Report covering activities during the second quarter of the calendar year. As we indicated in our initial report to your Board, and consistent with the Board-approved policies and procedures, this Office works closely with the Auditor-Controller, County Counsel, and appropriate Board offices in: analyzing and negotiating proposals by redevelopment agencies to amend existing redevelopment agreements; reviewing proposed new projects for compliance with redevelopment law, particularly blight findings and determining appropriate County response; and ensuring appropriate administration of agreements and projects.

The attached report reflects a summary of the following activities during the quarter:

- Notifications provided to the Board regarding new projects;
- Board letters/actions; and
- Major ongoing issues and other matters, including litigation.

Please let me know if you have any questions, or your staff may contact Robert Moran at (213) 974-1130.

WTF:LS
DSP:RTM:ib

Attachment

c: Auditor-Controller
County Counsel

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COMMUNITY REDEVELOPMENT AGENCY (CRA) ISSUES

Quarterly Report – Second Quarter 2008

New CRA Projects - Routine Notifications/Reports Provided to Board

CRA Projects	District	Type of Notification	Date
None			

Board Letters/Actions During Quarter

CRA Projects	District	Action	Date of Board Action
None			

Major Ongoing or Emergent CRA Issues

Baldwin Park (First District)

Issue: The City is proposing to refinance existing debt and make a minor modification to the 1982 Tax Allocation Agreement on the Central Business District Project.

Status: This Office verified that the proposed actions will not have a negative fiscal impact on the County. Because the County must approve of any changes to the Agreement, this Office will draft a resolution and Board letter for consideration by your Board

Baldwin Park (First District)

Issue: The City is contemplating changes to its Central Business District Redevelopment Project in order to allow for the development of a transit-oriented residential and retail project.

Status: The City recently released the Preliminary Report for the Project, which includes blight findings and tax increment projections. This Office will analyze the Preliminary Report noting the estimated fiscal impact on the County and consistency with Community Redevelopment Law.

El Monte (First District)

Issue: The City proposed changes to its Downtown Redevelopment Project in order to allow for the development of a transit-oriented project. The proposed changes include a ten-year extension of the Project and adjustments to the County pass-through share of tax increment in order to fund infrastructure improvements.

Status: The County informed the City that a contribution of County tax share would be in the form of a loan which would require repayment in the out years. Also, the County's real estate consultant will be required to review the developer's plans. The County's consultant is waiting for information requested of the City's developer.

City of Industry (First District)

Issue: The City proposed adoption of a new redevelopment project, Project No. 4. The Project includes 77 acres located in the northwest corner of the City.

Status: This Office negotiated with the City regarding Project No. 4 in 2007, and expressed concerns that portions of the proposed project did not meet the blight requirements consistent with Community Redevelopment Law. The City ultimately reduced the size of the project from 291 to 77 acres. This Office was satisfied that the remaining area meets the legal blight requirements.

City of Industry (First District)

Issue: The City sponsored a bill (SB 1771) to extend its three redevelopment projects by ten-years. The reason given for extension was to support the provision of low-income housing. The extensions would have a very significant negative impact on the County's future share of tax increment.

Status: This Office, with the assistance of your Board and other officials, expressed our concern to Legislative representatives. At the bill's first hearing, the author withdrew the bill. This Office will closely monitor any future attempts at extending redevelopment projects.

South El Monte (First District)

Issue: The City proposed the County invest a portion of its share of tax increment to assist in financing a number of redevelopment projects.

Status: The County informed the City that a contribution of County tax share must be in the form of a loan which would require repayment in the out years. The City's most recent proposal did not provide sufficient future tax increment to ensure full repayment of the deferral. This Office will continue to work with the City.

South Gate (First District)

Issue: The City is contemplating a new redevelopment project, and has asked this Office to review its initial proposal. The amount and value of the area proposed to be placed in redevelopment is very significant.

Status: Staff from this Office toured the proposed project area, and will review in detail the blight findings presented by the City, likely in mid 2008.

Litigation

Glendora (Fifth District)

Issue: The City adopted Project No. 5 on July 18, 2006. The Project would merge three of the City's existing redevelopment areas; increase the tax increment cap on one of the existing projects; establish a new redevelopment project; and reestablish the authority to use eminent domain in the existing project areas.

Status: The County filed a lawsuit objecting to the Project on the grounds that the proposed new Project Area No. 5 does not meet the blight requirements; Project No. 3 lacks significant remaining blight to justify an increase in the project cap; the Agency has not made a finding of public benefit required to merge the projects; and the evidence presented by the City was outdated and misleading. The decision by the Trial Court was in favor of the County. The City has filed an appeal and its opening brief is due within the next 90 days.

Los Angeles - City Center and Central Industrial (First and Second Districts)

Issue: The Agency adopted the City Center Redevelopment Project on May 15, 2002, and the Central Industrial Project on November 15, 2002. Both projects included areas which were formerly in the existing Central Business District (CBD) Project, which reached its court-validated (Bernardi) project cap.

Status: Your Board authorized challenges to these projects, and trial court judgments were in favor of the County. Both judgments were appealed, and the Court of Appeal said that both projects were partially invalid, so far as they sought to divert property taxes from former CBD areas. The County is working with the City regarding a settlement that will affirm that the CRA will not receive tax increment from former CBD areas, but can receive tax increment from areas that were not formerly in CBD. The settlement agreement was submitted to the Court of Appeal, which returned the case to the trial court. Upon instruction of the trial Court, the Auditor-Controller will release the tax increment being held in trust to the CRA and all taxing entities.

Overall CRA Statistics

Active CRA Projects	313
Pending CRA Projects	11